




# MIAMI BEACH

OFFICE OF THE CITY MANAGER  
NO. LTC #058-2006

## LETTER TO COMMISSION

TO: Mayor David Dermer and Members of the City Commission  
FROM: Jorge M. Gonzalez, City Manager   
DATE: March 3, 2006  
SUBJECT: Update on Cirque du Soleil

This memorandum serves to provide a brief status update on the proposed redevelopment of the Jackie Gleason Theater for the Performing Arts (Gleason) for a permanent venue for Cirque du Soleil. As you may be aware, Cirque du Soleil recently announced the decision by The Related Companies of Florida not to participate in the joint venture project (copy of press released attached). This decision, described as amicable by both parties, was the result of a further re-defining of the project scope for the theater. In addition, organizational changes at Clear Channel have resulted in the creation of a spin off company managed by two former Clear Channel principles; this spin off corporation will remain as a partner with Cirque du Soleil on this project, while other private partners are being identified.

Cirque remains enthusiastically interested in the project. They believe the recent, record-breaking success of Varekai, with the attendance of more than 132,000 spectators in a six-week period, is an indication of the potential of the market and of their "drawing power" for tourism to the destination.

After continued discussions with the Cirque development team in the past few months, the concept of a redevelopment plan tied more closely to their core mission – live entertainment/theatrical productions – has been proposed. This concept varies from the presentation provided to the Finance and Citywide Projects Committee last year in that it refocuses the project primarily within the existing, physical framework of the Gleason building, resulting in reduced capital costs.

This new concept includes the elimination of the second ("signature") restaurant, keeps the main theater entrance on Washington Avenue, and moves the special event space from the green area on the Washington Avenue side of the building, to the 555 building and the courtyard area between that building and the theater. This redesign would keep a show restaurant of approximately 250 seats, a lounge area to service the restaurant, both within the general area that is currently the lobby, and a special event/live entertainment venue at the 555 Building and courtyard. Cirque is further refining and value engineering this new concept. They have assured us that they anticipate an exciting final product that reflects Cirque's signature creative, unique and high quality approach.

Staff continues the due diligence process on the proposed project. Preliminary estimates based on anticipated show attendance and the typical demographic of a Cirque show attendee, indicate the direct economic impact of a permanent Cirque venue at the Gleason to generate more than \$50 million annually in net new revenues. These are revenues new to the destination, and not a displacement of existing spending. Further, it is projected that up to 70% of these net new revenues, or \$35 million, could be realized in Miami Beach. These projections are based upon a reduction in theater seating from 2700 to 1700 seats, 7 to 10 shows per week, resulting in 500,000 to 600,000 patrons per year. In addition, it is expected that at least \$4 million in new fee/tax revenues would be generated and approximately 850 new jobs would be created.

As you know, the current operations of the Jackie Gleason Theater are expected to be significantly impacted by the planned opening of the Performing Arts Center ("PAC") in Miami. Three of the Gleason's resident companies, Miami City Ballet, Concert Association of Florida, and the Broadway Series, have executed agreements to relocate to the PAC when it opens. In 2005, these three companies represented 31% of use days and 33% of total revenue for the Gleason. These operations are not anticipated to be easily replaced and are projected to result in significantly adding to the Gleason's current operating deficit. Combined with historical capital expenses, this deficit is projected to be \$1.4 million annually if we are not able to replace the programming.

The Gleason is an aging facility. In order to compete with venues such as the PAC, the Sinatra Theater, the planned Fountainbleu theater, the Seminole Hard Rock in Hollywood, and others, the facility will most likely require a significant capital investment. Recommended improvements could include new stage lighting, improved acoustics, updated sound system, renovated auditorium to improve sightlines, and improved seating. These are issues that are considered as part of our due diligence.

We anticipate further discussions in the next few weeks as this new proposed project scope is further refined. Due to long term planning timelines required for the Cirque organization when considering new ventures, a determination on the feasibility of a project at the Gleason would be required within the next few months. We will continue to provide you with information on the status of our discussions as they progress. As always, please feel free to call me should you have any questions or require additional information.

Attachment

# CIRQUE DU SOLEIL.



## CIRQUE DU SOLEIL PROPOSES A NEW PARTNERSHIP FOR THE JACKIE GLEASON THEATER

**MONTREAL, 28 February, 2006** – Eric Fournier, Senior Vice President, New Ventures at Cirque du Soleil met last Friday with representatives of the City of Miami Beach to discuss a revised partnership and scope of the project for The Jackie Gleason Theater.

Cirque du Soleil's new focus will be on the existing buildings and concentrate on creating a new permanent resident show for the theater, with complementary food and beverage services. The City of Miami Beach would remain the owner of the site and building.

In light of this development, Cirque du Soleil's partner, The Related Group of Florida, has decided not to pursue its interest in the joint venture with the Montreal-based entertainment company.

"Our partnership with Related has been and remains entirely positive," said Fournier. "In fact, it was Related that made it possible for Cirque to meet with the City last Friday, for which we are very grateful. We also thank them for their invaluable contribution to the initial proposal and we fully understand and support their decision."

Scott Zeiger and Brian Becker are still involved in the new project proposal with Cirque du Soleil.

### THE SHOW

Residents of South Florida have always given Cirque du Soleil shows a warm, enthusiastic welcome, as evidenced by the recent six-week visit of *Varekai* to Bicentennial Park, Miami. The attendance of 132 000 spectators broke an all-time record for a Cirque du Soleil show in Miami. And audiences for the permanent Cirque show *La Nouba* at Walt Disney World clearly demonstrate the company's drawing power as a tourism magnet.

In Miami Beach the music, art and dance of Latin culture have come together with a fabulous climate to produce a red-hot mix of sheer pleasure and excitement. Cirque du Soleil plans to take all that to the next level with a cabaret-style show in which art, music, dance and performance combine to totally involve the audience in a breathtaking 21<sup>st</sup>-century revue that takes the very best of the classic Latin stage show and spins it into an entirely new and edgy form.

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